

Mr Andrew Reeves
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Dear Mr Reeves

ActewAGL dual function assets

Thank you for the opportunity to make a submission in relation to ActewAGL's dual function assets.

TransGrid would not support any decision to treat those assets as transmission assets for regulatory purposes for the reasons provided below:

- this issue has arisen as the result of the provision of a planned alternative supply to Cooma area while TransGrid upgrades its Canberra to Williamsdale line to operate at 330 kV. Beyond this short period, the assets will continue to operate almost exclusively as distribution assets. The ActewAGL assets would provide transmission services only on the infrequent occasions where TransGrid was unable to supply the Cooma area from Williamsdale if TransGrid's 330 kV Canberra to Williamsdale line was out of service;
- the benefits of the upgrade to these ActewAGL assets will flow primarily to ACT customers as it allows for an additional supply point to the ACT (via Williamsdale as well as the existing Canberra supply point). It is therefore appropriate that the costs be reflected in Actew/AGL's charges;
- ActewAGL has indicated that the dual function assets will comprise only 7.1 per cent of its regulated asset base (RAB) — this does not appear to meet the test under National Electricity Rule 6.25(b) that those assets represent "such a material proportion" that it would justify pricing those services under Chapter 6A of the Rules. By way of comparison, the proportion appears to be significantly smaller than that related to AusGrid's dual function assets; and
- based on TransGrid's understanding of the likely development patterns for ActewAGL's network, it appears highly unlikely that the distributor will construct and/or operate additional assets with transmission functions in the foreseeable future.

Should you wish to discuss any matter raised in this submission, please contact me on (02) 9284 3148 or anthony.englund@transgrid.com.au.

Yours sincerely,



Anthony Englund
Regulatory Strategy Manager